APPENDIX A

CHICORY ROOTS—SUSPENSION OF DUTY—SOCIAL SECURITY

P. L. 91-41, see page 56

House Report (Ways and Means Committee) No. 91-160, Apr. 23, 1969 [To accompany H. R. 8644]

Senate Report (Finance Committee) No. 91-223, May 29, 1969 [To accompany H. R. 8644]

Conference Report No. 91-330, June 26, 1969 [To accompany H. R. 8644]

Cong. Record Vol. 115 (1969)

DATES OF CONSIDERATION AND PASSAGE
House May 13, June 27, 1969
Senate June 19, 30, 1969

The Senate Report and the Conference Report are set out.

Senate Report No. 91-223

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REPEAL OF LIMITATION ON FEDERAL PARTICIPATION IN AID TO FAMILIES WITH DEPENDENT CHILDREN

During its consideration of the Social Security Amendments of 1967, the House Ways and Means Commitee recommended a major new approach to the reduction of dependency in the program of aid to families with dependent children. The basic features of the new approach included work training, work incentives through earnings exemptions, and day care for the children of working

mothers. To insure that States would rapidly implement this major new program, the committee placed a limitation on Federal participation in aid to families with dependent children. The limitation, which would have become effective in January 1968, was related to the proportion of children who were receiving AFDC because of the absence of a parent from the home.

The Senate Committee on Finance endorsed the basic approach of the House bill—the reduction of dependency through employment—but it proposed a broader and more comprehensive work incentive program. The committee felt that in view of these major changes, it was no longer necessary to place a limitation on Federal participation in AFDC. The Senate version of the social security amendments contained no such limitation.

While the House conferees were unwilling to have their limitation deleted, they did agree to delay its effective date until July 1, 1968.

As signed into law, the Social Security Amendments of 1967 placed a limitation on Federal participation in aid to families with dependent children (the "AFDC freeze") related to the percentage of the child population under age 18 receiving welfare because of the absence of a parent from the home. The percentage this type of child represented of the total child population was to be calculated during the base period (January to March 1968). For each calendar quarter beginning July 1968, the "freeze percentage" was to be multiplied by the child population on the previous January 1 to determine the total number of children receiving AFDC because of an absent parent for whom there would be Federal matching. The limitation thus

allowed for an upward adjustment only once annually, in recognition of the growth of the State's total child population. Despite the limitation, the States would still be required under Federal law to provide assistance promptly to every needy child meeting the State's eligibility standards—but the entire cost of assistance to children in excess of the limit would be borne by the States and localities, with no Federal matching.

In 1968, the Senate again voted to repeal the AFDC freeze as an amendment to the bill which became the Revenue and Expenditure Control Act of 1968. At that time, litigation in several States (related to duration of residence requirements and the eligibility of families to receive assistance when there was a man in the house not married to the mother of the family) threatened to modify State eligibility requirements and add substantial numbers of new AFDC recipients to the rolls. At the same time, Federal funds had not even been appropriated to initiate the work incentive program.

The House conferees again refused to repeal the limitation. They did agree to postpone the effective date for 1 year (until July 1, 1969) and to make special provision for increases in the AFDC rolls by the second quarter of calendar year 1969 as the result of—

> any decision by a court of the United States of competent jurisdiction in any case or controversy in which there is decided the issue of the validity, under the United States Constitution, of any law, rule, regulation, or policy of a State under which aid to families with dependent children is denied to individuals other-

wise eligible therefor because of failure to meet duration of residence requirements or because of the relationship between a male individual and the mother of the child or children with respect to whom such aid is sought.

At the time the conferees acted, it was anticipated that the Supreme Court would soon rule on the duration of residence and man-in-the-house cases, and that the decisions, if they ruled out these eligibility requirements, would be based on constitutional grounds. However, only and that ruling[1] was made on statutory, rather than constitutional grounds.

It was not until April 21, 1969, that the Court handed down a decision that would force States to eliminate eligibility requirements based on length of residence. This decision was made on constitutional grounds. Last year's decision affected 18 States; this year's would affect some 40 States.

The Department of Health, Education, and Welfare has estimated that an increase in the AFDC rolls ranging from 200,000 to 400,000 recipients might result from the elimination of the man-in-the-house rule; another 100,000 to 200,000 AFDC recipients might be added to the rolls as a result of the elimination of duration-of-residence eligibility requirements.

For the most part, under present law there would be no Federal participation on behalf of the children added to the rolls as the result of the Supreme Court's decisions. Children added who would have formerly been ineligible under a man-in-the-house rule are not covered by the special

provision added to the law last year, since the Court's decision was made on statutory rather than constitutional grounds. Last year's special provision was aimed at adjusting the AFDC limitation to take into account cases added because of court decisions; the added cases were to be measured in the second quarter of 1969. But since the Court's decision on duration-of-residence eligibility requirements was not made until April 21 of this year, most additional cases relating to this decision will be added to the rolls after the second quarter of 1969, and will be in excess of the freeze limitation.

There is another important consideration. The basic purpose of the original House limitation was to provide a strong incentive for the States to move rapidly to implement the work incentive program. Neither the Federal administrators nor the States have done so. Implementation of the program has been so slow that the new administration was able to reduce the budget requests for the work incentive program by $35 million simply on the grounds that the funds could not be used.

The Department of Health, Education, and Welfare estimates that the limitation in existing law would reduce Federal participation in AFDC by $322 million in fiscal year 1970.

For these reasons, the committee recommends a third time that the limitation on Federal participation be deleted.